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# Supply Chain Management and Business Performance

*The VASC Model*

Christelle Camman, Claude Fiore
Laurent Livolsi and Pascal Querro

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WILEY

Supply Chain Management and Business Performance

*Series Editor*
*Jean-Paul Bourrières*

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# Contents

**Acknowledgments** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . ix

**Foreword** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . xi

**Introduction** . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . xv

**Chapter 1. Managing Performance: Objectives and Managers' Needs** . . . . . . . . . . . . . . . . . . . . . . . 1

1.1. Towards greater organizational agility . . . . . . . . . . . . . . . . . . . . 2
1.1.1. Some basic trends and their impacts on businesses . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . 3
1.1.2. The evolution of business models: some examples from different sectors. . . . . . . . . . . . . . . . . . . . . . . 10
1.1.3. Divergences, but above all, major trends in performance management . . . . . . . . . . . . . . . . . . . . . . . . . 38
1.2. Needs and objectives of the CEO and the Board . . . . . . . . . . . . . . 45
1.2.1. The objectives of the CEO and the Board . . . . . . . . . . . . . . 46
1.2.2. Needs in terms of information quality and responsiveness . . . . . . . . . . . . . . . . . . . . . . . . . . . . 55
1.3. Financial directors' needs and objectives . . . . . . . . . . . . . . . . . 58
1.3.1. The involvement of a Chief Financial Officer (CFO) in the strategic process: from business model to business plan . . . . . . . . . . . . . . . . . . . . . . . . . . 60
1.3.2. Optimizing the business' finance structure . . . . . . . . . . . . . . . 66
1.3.3. New objectives in financial strategies . . . . . . . . . . . . . . . . . . . 70

1.4. Supply chain management and operations management . . . . . . . . . . 81
1.4.1. Supply chain management: definition and positioning . . . . . . . . . . 81
1.4.2. Objectives that require a transverse approach . . . . . . . . . . 88
1.5. Conclusion . . . . . . . . . . 97

**Chapter 2. Management Techniques and Tools** . . . . . . . . . . 99

2.1. Tools for managers . . . . . . . . . . 100
2.1.1. Tools for measuring the creation of value . . . . . . . . . . 100
2.1.2. Tools for managing the value chain or the strategy deployment chain . . . . . . . . . . 105
2.2. Tools at the disposal of CFOs . . . . . . . . . . 116
2.2.1. The difficult reconciliation of time horizons . . . . . . . . . . 117
2.2.2. The importance of management control as a support for financial steering . . . . . . . . . . 127
2.3. The supply chain manager's tools . . . . . . . . . . 142
2.3.1. Repository of good practices . . . . . . . . . . 142
2.3.2. Organizational models adapted to transversal management . . . . . . . . . . 150
2.3.3. Tools for operational steering and their connection with financial steering . . . . . . . . . . 158
2.3.4. New tools for more financial objectives . . . . . . . . . . 166
2.4. Conclusion . . . . . . . . . . 174

**Chapter 3. New Ways to Steer Supply Chain Performance** . . . . . . . . . . 177

3.1. Supply chain management through improvement of operational performance . . . . . . . . . . 184
3.1.1. Performance steering and the value creation process . . . . . . . . . . 184
3.1.2. Value tree (modeling financial equations) . . . . . . . . . . 187
3.1.3. The link between business indicators and financial strategy . . . . . . . . . . 191
3.1.4. Supply chain business model . . . . . . . . . . 198
3.1.5. From business model to steering supply chain value creation . . . . . . . . . . 200

3.2. Impacts of operational performance on financial management . . . . . 202
3.2.1. The interrelations between changes in cost structure and EBITDA . . . . . 204
3.2.2. The interrelations between changes in depreciation periods and cash flow . . . . . 208
3.2.3. The interrelations between changes in stock levels and WCR . . . . . 210
3.2.4. The cohesion of financing the supply chain business . . . . . 211
3.3. Organization of the VASC model. . . . . . 213
3.3.1. A representation of the organization in terms of supply chain . . . . . 214
3.3.2. An approach to steering the VASC model . . . . . 220
3.4. Conclusion . . . . . 225

**Conclusion** . . . . . 229

**Bibliography** . . . . . 235

**Index** . . . . . 245

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# Foreword

Writing a book’s foreword is always satisfying, especially when the book is written by lecturers from the University of Aix-Marseille and when oneself has graduated from the ISLI in Bordeaux! One also questions the reasons for the request in terms of… professional maturity…, then one reassures oneself that, no, it is mainly the shared thought processes carried out within ASLOG (French supply chain and logistics association) and, more recently, the involvement of the directorate of the International Association for Logistics and Supply Chain Management Research that give rise to this request.

One can first question the pertinence of a new book on supply chain management. What is there that hasn’t already been written? There are studies on the definition of concept, others on the tools adapted for managing it; publications abound at national and international level. However, many companies still do not have a supply chain function; that is, a real supply chain function and not an “additional logistic” This is something almost discouraging in view of the numbers of years that researchers have spent reflecting, consultants intervening and “practitioners” managing projects in this domain. This book should therefore help us first to understand why we are still at this stage and then, how to proceed to reach this aim in a world that is, if anything, more complex than when the first works in the domain were written.

Why are we still in this situation?

As the authors recall, organizations condemned at the start of the 1980s for their functional silos have in the end evolved little in this respect because

directors are not always aware of the stakes, or have difficulty leading this change and imagining an alternative structure despite the different formulations suggested. The main, traditional roles therefore often continue to optimize the boundaries of their responsibilities. Marketing thus develops product offers as well as sales predictions for this, in an exercise where objectiveness is necessarily questioned. Sales departments face the challenge of reaching these predictions, indeed of exceeding them by developing turnover, but creating, at the same time, pressure on stock creation to avoid any rupture. Production develops sequencing, under the constraint of the agility of its job-shops, which often push to try to reduce the costs of production only. Logistics should guarantee the availability of materials and products under the financial constraint of operating costs and mobilized funds, despite increasing recognition of the service provided to customers. Certainly, the Sales & Operations Planning processes are spread throughout enterprises but, too often, they consist of bringing together the departments for marketing/trade, production, logistics and buying to try to reconcile the diversity of the aims pursued with the risk that at the end of the meeting each will return to focus on their own objectives. Indeed, the amount of optimization is not always reflected in an enterprise's overall performance.

Other roles also have a responsibility for the permanence of this situation. Management control first of all, to the extent that the systems used within enterprises often do not permit a good understanding of a more transverse performance measurement within dashboards; then, human resources with a dual responsibility that manifests itself in terms of tools for payment and recruitment. Tools for evaluation and payment (incentives) often form the greater part of local performance evaluation in order to be able to further individualize this variable part. Recruitment processes for supply chain managers also often lead to technical skills being highlighted, from data analysis to optimization tools, to the detriment of more managerial skills in terms of leadership and business strategy.

Supply chain managers themselves bear some responsibility by relying on their technical skills, and developing a specialist "jargon", which leads them to seek to optimize their domain to the detriment of a more transverse communication and an ability to convince other leaders within the enterprise, whose pursuit of their own objectives is then reinforced.

How do we promote a supply chain approach?

First of all, to put in place and lead a real transverse supply chain, the enterprise needs managers capable of listening, sharing a vision and common objectives, and bearing this notion of transversality which is a very complex subject within the enterprise. To do this, supply chain managers should be capable of understanding not only the classical professional stakes of their skills domain (from buying to marketing via production, logistics and trade) but, above all, of developing a global vision for the enterprise's professional performance. Far from hiding behind a technical vision of the supply chain, it is their responsibility to understand the financial and strategic stakes that now appear to be the central skill. They therefore need to upgrade their skills in these domains to become credible interlocutors for financial directors and managers within enterprises. This is the guarantee for change in supply chain functions and the responsibility of those in charge!

In this work, the authors suggest a model, the VASC model, that should enable the facilitation of this dialogue between CEOs, financial directors and supply chain managers. By rethinking the organizations around this three-part model, this model has, finally, a pedagogical aim to clarify the roles and aims of each, but it also has the virtue of pragmatism, providing the main orientations for effective implementation.

The role and responsibility of CEOs, consultants and educators, is therefore to engage, each at their own level, in spreading good practices that contribute to a real transverse vision of supply chain management that gauges enterprises' ability and consequently their performance. Far from focusing exclusively on the technical dimensions of the profession, and so developing a technical vision of it, whose limits are already known, it is necessary to reconnect to an overall understanding of business performance (global, financial and operational strategy) and the levers for action to improve its performance. To do this, one must be open, from the initial education programs through to recruitment processes within enterprises, to different profiles that combine listening, charisma and leadership to bring about this vision of supply chain management.

Vincent BARALE

# Introduction

The world is changing. It changes every day. This phenomenon is not new, but what is new is the speed, size and diversity of the changes that we have been experiencing for some years. These changes are as economic, political, social or environmental as they are technological and, of course, impact businesses and their strategic choices.

The financial crisis in 2008, the most significant experienced in recent times, has profoundly upset the global economic situation. Without going back to its origins, the behaviors and financial mechanisms that triggered this crisis, we must remember that without the intervention of many nation states to avoid defaulting on bank payments and then, of whole sectors of the economy such as the entire car-manufacturing sector, major crises would have occurred. Beyond the emblematic collapse of Lehman Brothers, industrial groups, including real flagships in their sectors, such as General Motors or Peugeot SA, only owe their survival to the intervention of public powers through input into their capital. The consequence of this forced interventionism has been the considerable increase in public deficits, condemned by ratings agencies, leading to strict budgetary policies almost everywhere in the world, with notable examples such as Greece, Portugal, Spain or Ireland to take only European cases. Between debt refinancing strategies on the markets to lessen cost, and austerity, which consists of reducing public expenditure, and this despite accommodative measures from central banks such as the American Federal Reserve or the European Central Bank, governments find themselves limited in the actions they can take to stimulate economic growth, which is the weakest it has been for some years, and which accompanies very high unemployment. These difficulties in

relaunching economic growth, and in giving a little more visibility to economic actors, have already made some think of the pertinence of a "*new deal*" in the form of a voluntarist relaunching policy on the part of nation states, which first makes it necessary (and this is not the least of the obstacles to such a solution) to cancel a substantial number of public debts already incurred by the central banks.

Is it the relative economic weakness of the Western States that has led to a number of military withdrawals (Afghanistan, Iraq), or more global geopolitical disagreements that have led to complex situations (Syria, Lybia etc.)? Regardless, the economic consequences of the terrorism that has fed on these situations can not be disregarded, beyond the profound societal impact when we know that these are the worst terrorist attacks in history on French soil (Paris in November 2015 and Nice on July 14th 2016). These tragic events weigh in turn on the economy, first of course affecting the tourism industry and also generating a general climate that is not propitious to consumption within the population. Although we do not develop this aspect, which has no place in a book on management, the resolutions taken by the Chairman of the Joint Chiefs of Staff before the Defense Commission of the National Assembly on October 15th 2015, a month before the attacks in Paris, are worth mentioning as they are relevant for managers. Beyond a dramatic, prophetic discourse on the increasing and approaching threats, General Pierre de Villiers points out "the ever more flagrant contradiction between short term management and the need to subscribe to long term action". The instantaneity and permanence of information often leads political directors to immediate responses which, regarding the long term, may lead them to make errors. "By reacting to a circumstance under the influence of emotion, we run the risk of a knee-jerk reaction and micro-management, which can trigger responses inappropriate to real issues and our strategic objectives". These resolutions undoubtedly echo the concerns of business directors and will find their rightful place in the aims of this book.

In this context of weak growth and increased uncertainty across the markets, business leaders should both implement strategic objectives and define business models to achieve them along with shareholders. This traditional strategy management is today made more complex by the

diversity of possible choices and by the number of strategic maneuvers needed to remain competitive in a hyper-competitive context. This last point then poses the question, central in this book, of strategic alignment, i.e. the capacity to ensure that strategic decisions are implemented correctly at operational level while benefitting from the local expertise of middle managers. We will return to this point in the remainder of this introduction to explain, first, the main, current questions relating to business strategies and thus illustrate the diversity of possible choices.

By using the distinction established by Kim and Mauborgne [KIM 05], in what has become a best-seller in management literature, the question first arises of knowing if it is better to increase one's competitive position in the red ocean or, on the contrary as favored by the authors, develop a blue ocean strategy. The first means direct competition with one's competitors and therefore permanent control of organizational efficiency (costs, delays, services, etc.) in order to maintain a competitive position making it possible to generate margins and create value for the shareholder. The second, the blue ocean strategy, consists, on the contrary, of suggesting innovative business models based on creating value for the client at the lowest possible cost for the business, which permits greater profitability still through the absence of, or at least weakness of, the intensity of competition. Without returning to the examples given by the authors, which have moreover given rise to criticisms of the intentionality of this strategy in opposition to a later characterization, the emergence of new markets linked to the environment, the digital revolution or digitalization have these characteristics and moreover often reflect hopes of economic growth on the part of political leaders.

Environmental questions have a growing place in the fears of citizens' as well as governments engaged in the fight against global warming and its consequences, counted in billions of dollars. Business initiatives meant to favor alternative energies, in opposition to polluting fossil fuels, are therefore demanded today, reflecting hope of "green growth" in the economy. Solar, geothermal, wind, and tidal, as well as electrical energies in the field of propulsion (electric or hybrid) are paths sometimes explored by businesses in diversification strategies. However, in the context of the current economic downturn, the low price of traditional energies, the first of which is petrol, does not favor a change in energy and therefore does not favor the profitability of these business models for the moment. In the

same way, businesses that have launched into the costly venture of shale oil, without here touching on the environmental consequences of hydraulic fracking, have not succeeded in making their investments profitable and are certainly now in great difficulty. It is, finally, all the businesses linked to the oil industry which are in difficulty and by extension those who have launched themselves into renewable energies. This situation is transitory but substantial financial resources are needed to weather it and so, as we will see below, it requires access to funding.

Like markets linked to sustainable development and the environment, the digital revolution and digitalization of the economy are also currently the root of profound disruption in businesses' business models. In fact, taking examples from the most emblematic businesses, if GAFAM (Google, Apple, Facebook, Amazon, Microsoft) are characterized by the creation of new services, TUNA (Tesla, Uber, Netflix, Airbnb) act more in the transformation of the traditional models by challenging the established offers. What is commonly called the uberization of the economy corresponds to a deep transformation of the value offered to consumers with a tendency to highlight usage value and, above all, to disintermediation within value chains. If, at their creation, these startups do not require much capital, their rapid development enables them to raise funds on the basis of the value of their future profitability. These unicorns (almost 200 in the world), depending on the term used, are characterized by values greater than a billion dollars such as Uber (62 billion dollars), Airbnb (25 billion dollars), according to the ranking in Fortune magazine, or the French BlaBlaCar. However, the question arises more and more of the disconnection between the financial value of these often unlisted businesses, whose introduction on the stock market is therefore often synonymous with low value, and their real economic performances. In an interview published in February 2016 in the *Financial Times*, Bill Gates called for greater selectivity in funding choices and announced a drop in global value (today estimated at more than 600 billion dollars) of these unicorns in the next 2 years.

Whether the ocean starts off blue or, even more so if it is red, these examples are witness to an increased complexity in markets that have become very turbulent and uncertain. Business directors should therefore, in this context, simultaneously establish a strategic vision linked to their business model and ensure its effective implementation, and also guarantee

the agility of their organization to gage of a more long-term performance. These two elements are vital to businesses' performance and it makes sense, from this introduction, to broadly discern their content before introducing this book's objectives.

Beyond the question of strategic vision and business models, the effective implementation of strategic choices assumes an overall coherence within the organization. This coherence refers to the notion of strategic alignment, mentioned previously, which has given rise to much research on its definition and, above all, its application within businesses. The book discusses triggering the strategy at the operational level as well as the role of management control or information systems in this process. If the historical vision of a top-down strategy launch relying on a number of processes and tools, rightly including management control to which we will return later, the task becomes harder in a renewed vision which considers the stakes of actors in the organization and the role of middle managers in the process of creating and implementing the strategy. In the field of management control, Anthony's definitions attest this development in its role, first considering "the process by which managers ensure that the resources are obtained and used effectively and efficiently in accomplishing the organization's objectives" [ANT 65] and then more explicitly on the role of actors, he says "the process by which managers influence other members of the organization to apply strategies" [ANT 88]. The desire for control expressed by Anthony, however, stumbles against a renewed vision of management control, which echoes that of strategy and considers with Simons for example "the formal processes and procedures based on the information that managers use to maintain or modify certain configurations of activities in the organization" [SIM 95], i.e. it is participation in developing the strategy which is then highlighted. In the last case, the role of information systems is central and the question again arises of their alignment with the business' objectives. This theme itself has also been the subject of much research since the work of Henderson and Venkatraman [HEN 93], and as the result of progress in information technologies. It is in fact the whole question of SAP ERPs (Enterprise Resources Planning or Integrated Management Software packages), to cite only the most well known of publishers, which is what is concerned here. Does the effective deployment of these ERPs contribute to a better implementation of the strategy and better performance management? On the contrary, does not the reality of this use reproduce older

organizational barriers and therefore a sustainably inefficient compartmentalization that will therefore require the addition of other tools to compensate for the management's limitations at the risk of more or less non-operational information systems overlapping?

If this notion of strategic alignment, i.e. consistency between strategic decision taking supplied by information feedback from managers and the launch of the decision by the same managers, is essential for business performance, it should be complemented by the organization's capacity to evolve in response to environmental changes. This capacity for evolution or adaptation according to time horizons is thus the gauge for the businesses' sustainable performance. In the long term, this evolution assumes managers' ability to make their business model evolve and thus to modify, in depth, their organization, which then raises the questions, often addressed in business management, of the pertinence of the strategic choices and relationships between the businesses' strategy and structure. In the short term, it is a question of perceiving the adaptations needed in a fluctuating environment to remain efficient. This is the whole question of performance management, which is at play here, a management that involves great organizational agility. As General Pierre de Villiers underlines, and which we have mentioned in this introduction, it is a question of not stumbling into the pitfall of micromanagement, which would mean reacting to any external stimulus. In a context that is also turbulent and uncertain, the risk would then be to have an increasing offset at the level of strategy implementation but also in the information feedback feeding the strategic process. Such an offset would therefore induce a lower performance and would naturally open space for conflict between those in charge. To avoid this pitfall, it therefore makes sense to provide tools to evaluate these stimuli and thus take better decisions in line with the business' strategy.

These findings are therefore the basis of this book. As we have indicated, the problems are not recent but they are simply exacerbated at the moment and therefore call for adapted and renewed responses. It is not for us to consider that the tools available are not effective but, furthermore, to consider that they are not sufficient. Our respective experiences, from advisory work or in the context of studies and research projects, have led us to identify numerous faults despite the presence of management tools used during the projects, or sometimes trends identifying specific problems individually within businesses. Emphasizing Figure I.1, we can quickly list these faults. The first category concerns the difficulties of coherently

implementing the business strategy in its proper place and, therefore, of operational performance management. Without going into detail at this stage, it is the very question of supply chain management that is posed here, with the decompartmentalization of traditional functions in order to better identify and manage the transverse processes that make it possible to reach greater effectiveness in the organization while still improving client satisfaction. Despite undeniable progress in the matter, this management should still be improved and organizations should still further integrate this supply chain vision with adequate tool boxes. The second category relates to the relationships between the supply chain's operational performance and its financial stakes. Here, it is a question which is now at the center of concerns with reflections on the financial consequences of stocks and, more generally, a question of the cash-to-cash cycle (of the payment of contractors to our clients) to which we will return. Finally, in an increasing financialization of the economy, of which the stakes are first the capacity to raise funds and then that of profitability, the links between the business' financial strategy and the choices in terms of supply chain management constitute a third category of deficiencies in the framework, in particular externalization and sub-contracting policies as a general rule.

The aim in this book is therefore to propose an approach, a generic model for performance management within businesses based on a supply chain approach. The VASC (Value-Added Supply Chain) model that we suggest is nevertheless centered on operational performance management but by establishing a link, a more straightforward dialogue than the models now proposed, with financial performance, as Figure I.1 enables us to illustrate. It is not assumed that this VASC model is a creation *ex nihilo* but, on the contrary, to see it as an adaptation, an evolution, of tools that already exist within business. Far from wishing to revolutionize business with a profoundly different and therefore, in the end, not very applicable model, we aim to adopt a pragmatic approach that makes it possible to operationalize it by adapting it to organizations, information systems and current management control. This model is the result of the confrontation of our respective experiences within businesses and of our exchanges with these businesses' directors, supply chain managers or financial directors. It is therefore of course illustrated with examples from businesses with which we have either worked or to whose data we have had access, and sector analyses that we have been able to carry out and which have therefore influenced its creation.

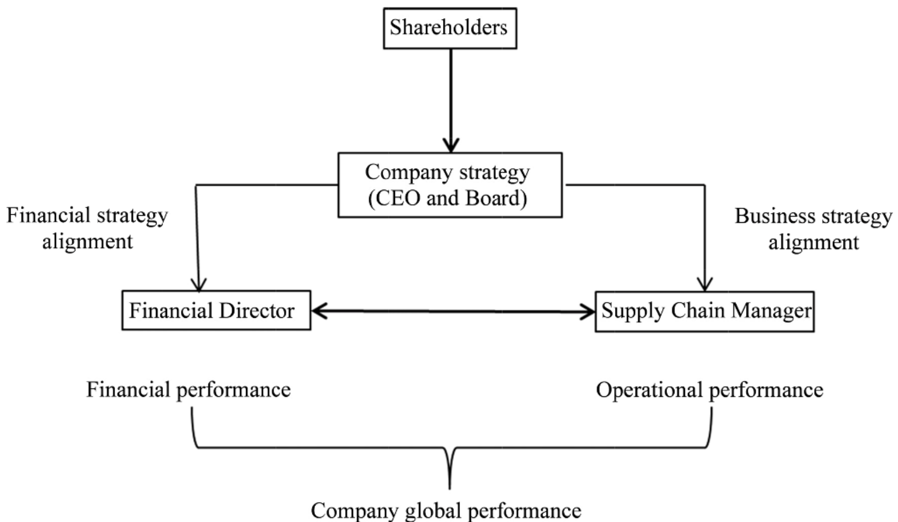


**Figure I.1.** *General framework for business performance*

Given our desire to suggest a new approach, a new model, of performance management, this book is not a manual. It does not aim to list all existing tools on the subject, but rather presents the main categories of tools with the aim of explaining their respective strong points and limits depending on our needs. The structure of this book is therefore developed accordingly, choosing an argumentative approach hinging around three chapters.

In the first chapter, we present the objectives of today's business managers and thus their associated needs. This chapter is split into three sections. We start with the role of directors in developing business models depending on strategic objectives fixed by stakeholders. Are we in a model that requires substantial capital or, on the contrary, in an approach sometimes called capitalism 2.0 that permits minimum investment? What are the expectations in terms of the profitability of capital invested in the business sector? Is it a question of innovating, like the blue ocean mentioned previously, or on the contrary, of drawing the benefits of competition as usual? All these questions may call for different responses and so for different needs, from directors. These needs relate to the information required to make decisions but also to the organization put in place to ensure

optimum performance management. Calling for the necessary capital then leads us to pursue, in a second section, businesses' financial management. Depending on the choices made previously, how can mobilization of financial resources be ensured at the lowest possible cost, and how can they be used as efficiently as possible? What are the possible choices in terms of funding the assets for leading operations in a top-down approach? How best to manage the cash-to-cash cycle and so reduce financial requirements? Just as for the directors, the financial directors do not, depending on the choices made, have the same needs and it makes sense to explain them. Finally, the last section of this chapter focuses on supply chain management and Operations management. If the objectives can be mentioned in terms of Operational performance linked to the revenue generated and the costs incurred in relation to the level of service offered, the important question arises from the business' supply chain configuration.

In the second chapter, based on the objectives and needs previously identified, we explain the management techniques and tools available today. As we have mentioned, we do not aim to be exhaustive on the subject but rather we aim to illustrate the main categories and their respective limits. This second chapter is structured in the same way as the first. An initial section introduces the tools for measuring value creation before we mention those linked to value chain management, and to strategic deployment. A second section shows that the tools have limits in terms of linking time horizons, from the search for funding to finance via capital and that management control, despite its changes, does not always make it possible to reduce this time lag. Finally, the last section of this chapter focuses on the tools available for supply chains managers. If many of them in fact appear as benchmarks of good practice or organizational auditing tools, we will also emphasize the tools linked to operational management and its link with financial management.

After having identified the needs and introduced the tools available today together with their limits, the moment will come, in a third chapter, to introduce the suggested VASC. Three sections also form the structure of this chapter. Because our model is primarily intended for operations management, we start by introducing our model for managing the supply chain in the traditional sense. This management links the implementation of operations as much as the tool boxes inherent in integrating the related financial component, in particular, funding. In a second section, we will then develop our model in its relational dimension with financial directors. This

does not only mean discussing the short-term management of financial resources but also, more generally, having an approach to the choices in terms of organization and therefore financing the balance sheet. This more general and innovative approach should first initiate a permanent management dialogue between the financial and supply chain managers. The question then arises, in a third section, of the organization underlying such a model and so of the possibility of introducing an overall vision of the organization in terms of the supply chain to ensure a better adequation between the strategic choices and their implementation but also of greater organizational agility.

This book, which suggests a model of managing the supply chain's performance and, more generally the business, by identifying the needs of those in charge and the deficiencies of the current tools from the start, is aimed at various audiences. It is aimed primarily at practitioners, whether they are business or supply chain directors (and thus also roles involved at stages from purchasing to sales ranging through production or logistics) and financial directors and management supervisors. These practitioners are directly involved and they will find, in the three chapters in the different sections, the allocated objectives and tools currently available, together with their defects. The structure of the book moreover makes different modes of reading possible with dedicated sections in each chapter. Among practitioners, it is also aimed at consultants who are faced with the questions that we identify, and who can find an appropriate approach in the model suggested. The book is also addressed to teachers and students of management in universities and business schools, or engineers who will find not only a new model presented, but also a way of tackling the organizational questions linked to managing flux and performance within businesses. Additionally, students will be able to find a more critical view of current organizations and management tools and, thus, construct a lesson of the necessary detachment that is needed to remain adaptable in one's professional career.

1

# Managing Performance: Objectives and Managers' Needs

Our ambition in this first chapter is to identify managers' objectives and, therefore, their needs (in terms of information, resources, etc.) in order to be able to meet them. In a context that is both turbulent and uncertain and where business models sometimes seem very different, it can seem ill thought out to wish to discern these objectives and therefore the needs associated with them. How do we compare a family SME and a broad group held by investment funds, knowing that the reverse situation is also entirely possible? How can we equally compare a business that has chosen to integrate all or part of its activities and another which, on the contrary, acts as a quasi-virtual business playing the role of skills broker by manufacturing at its sub-contractors? How, finally, do we assess the performance of a company? Is it by considering its capacity to be profitable today or, on the contrary, to be profitable tomorrow with or without borrowing money, as we mentioned in the introduction with the example of the emblematic unicorns? In the same way, can all business sectors be compared?

In order to not just answer all these questions but rather show that behind the differences there are recurrences in business management, we have chosen in this first chapter to deviate from our classic, three-part plan. We will therefore start with an initial section (section 1.1) which makes it possible to expand on the general trends in the economy further than we have in the introduction, then to illustrate this diversity of business models

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in some emblematic sectors of our economy, and to benchmark the main managerial trends behind the variety of examples. At the end of this section, we return to our classical breakdown which defines the different levels of reading, i.e. directors, then financial directors and finally supply chain managers. The second section (section 1.2) is therefore centered on the implementation of business models in business plans with the associated management problems. The third section (section 1.3) focuses on the evolution of financial strategies that involve new ways of considering both the allocation of resources within the business in budget management and managing capital. Finally, in the last section (section 1.4), we show supply chain management and the opportunities that it represents in terms of managing flow while remembering that the practices observed are diverse, as the organizational examples are in fact very different.

## 1.1. Towards greater organizational agility

Whether it is a question of the financialization, digitization or greening of society, or indeed the sharing economy, these strong trends form constraints as much as opportunities for businesses (section 1.1.1). These changes, whether they affect the economic, financial, social or even political spheres, involve so many constantly renewed conditions of action that businesses should not only grasp these, but above all permanently integrate these, either under compulsion or more proactively, into their strategic and operational responses. Managing their performance has in fact become more complex. The goals to be reached are no longer simply financial. The relationships between cause and effect, which is necessary to understand to identify points of action, are intertwined involving a detailed knowledge of the performance behaviors of activities and processes, increasingly scattered between multiple businesses and countries. Whatever the industry, business models change, adapting responsively or proactively to these new conditions. If there are divergences between sectors and businesses, the examples developed (section 1.1.2) nonetheless make it possible to identify the main constraints and difficulties with which businesses are confronted today, as well as their most basic needs in performance management (section 1.1.3).

### 1.1.1. *Some basic trends and their impacts on businesses*

#### 1.1.1.1. *The financialization of the economy*

The increased influence of the financial sphere on businesses' governance and strategic behavior is not a new issue. The appearance of corporate investors (e.g. pension funds, but also sovereign wealth funds) has however reinforced it. Maximizing the profitability rate of invested capital has led these financial actors to concentrate their investments while ensuring a rapid turnaround for their portfolio. The short-term view that they have thus favored has spread to large companies. These large businesses have therefore engaged in policies aiming to satisfy their shareholders before all else (increasing dividends and also palliating a drop in the value of their shares in the financial markets) or repurchasing their own shares (the growing phenomenon of "stock buy-backs") to the detriment, in both cases, of investment, even if in the second case, anticipating the capital gain to come can favor greater self-financing. Favereau mentions this "great paradox of financialization" and even speaks of the predation of the financial sphere on the economic sphere: "as the profit rate increases, the investment rate decreases" [FAV 16]. This reduction in investment and the constant search to maximize the profitability of capital or, more broadly, the yield of shareholders' capital, is not without consequence for supply chains, their structure and their management, a central question in this book.

To use the wording of Lazonick and O'Sullivan [LAZ 00], businesses have gradually switched from the traditional "Retain and Reinvest" model to the "Downsize and Distribute" model, which is more flexible and enables them to properly remunerate capital providers. In addition to consequences on employment, which have been extensively analyzed and discussed for many years, organizational forms as a whole have evolved under the simultaneous effect of comptetitive and financial pressures. The refocusing on core business can be explained as much by the search for specific skills [HAM 94] as by the desire to concentrate capital on the activities that create most value or even by "variabilization" of costs. More broadly, the emergence and development of Global Value Chains results simultaneously in a search not only for competitiveness in price (out-sourcing in low-cost countries), or indeed for competitiveness in quality (specialist sub-contraction), but also for competitiveness in regulation